

Control No. 3669

EIC-M-110

9 November 1965

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ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 4 F 31, CIA Headquarters Building

1000 hours, 9 November 1965

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PRESENT:

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*Dr. Otto E. Guthe, CIA, Chairman

[REDACTED] CIA, Acting Chairman

Mr. Morris H. Crawford, Department of State

[REDACTED] Defense Intelligence Agency

Mr. William C. Andrews, Department of the Army

CDR. James G. Brady, Department of the Navy

Dr. Robert A. Kilmarx, Department of the Air Force

[REDACTED] National Security Agency

[REDACTED] National Security Agency

Mr. Jerome Forrest, Agency for International Development

Mr. Fred Pirhalla, Department of Commerce

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[REDACTED] CIA

[REDACTED] CIA, Executive Secretary

INTRODUCTIONS:

The Chairman welcomed the National Security Agency representatives who were attending their first EIC meeting.

REMARKS BY THE CHAIRMAN:

Dr. Guthe briefly addressed the group on the early history and evolution of the EIC and emphasized the active part the Committee has played in coordinating economic intelligence on foreign areas. The Chairman announced his impending retirement and expressed his appreciation for the support

* Present for part of meeting.

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received by members and associate members since 1953 in making the Committee an effective organization in the intelligence community and wished the group well in its work in the future.

The Committee extended its thanks to Dr. Guthe for the leadership he had provided as Chairman of the Committee and stated that he would be missed.

Dr. Guthe then turned the meeting over to [REDACTED]

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ANNOUNCEMENTS:

Chairmen for Working Groups of the EIC:

The Department of State has nominated Arthur J. Smith as Chairman of the EIC Working Group on Aid and Trade Activities of Communist Countries in Less Developed Areas of the Free World. The CIA has nominated [REDACTED] as Chairman of the EIC Working Group on [REDACTED] Program. Biographic data will be circulated to members for information and concurrence will be requested by interim action.

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Soviet Foreign Trade: Continued Sluggishness:

This report is now in reproduction and will be disseminated in late November. The Acting Chairman reported that in December it is planned to publish an Annex to this report updating the details of commodity trade for 1964.

Biweekly Questionnaire:

The Acting Chairman reported that the results of the Biweekly questionnaire had been forwarded to the Executive Secretary of the Working Group for consideration. The Working Group has been requested to submit a report of its findings to the Chairman of the EIC for circulation to the members.

Annual Report to the USIB of the EIC, Fiscal Year 1965:

The Acting Chairman reported that the report had been noted by the USIB on 25 October 1965.

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Review of Act

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Revision to Terms of Reference for the EIC Subcommittee on Electronics and Telecommunications:

The Acting Chairman reported that the revision to the Terms of Reference had been concurred in subject to the deletion suggested by the DIA member.

External Research Contracts

The Acting Chairman brought to the attention of the members the recent Presidential directive to the Department of State that no government sponsorship of foreign area research should be undertaken which in the judgment of the Secretary of State would adversely affect foreign relations. The Department of State has contacted other agencies requesting their help in establishing effective procedures to implement this directive.

The Department of State representative reported that his Department has additional material on this subject including a recent speech by Mr. Hughes, Director, INR, which he would make available to members upon request.

This new procedure will not have any effect on the EIC's responsibility to review external research contracts over \$5,000.

The Acting Chairman noted that the EIC Subcommittee on Agriculture had commented favorably on the proposed CIA-sponsored external research contract on "Cuban Sugar Production in 1970."

APPROVAL OF MINUTES:

The minutes of the EIC meeting of 12 August 1965 (EIC-M-109) were approved.

DISCUSSION OF PROCEDURES TO BE FOLLOWED IN CONDUCTING A REVIEW OF THE EIC SUBCOMMITTEE STRUCTURE:

Members were asked to submit to the EIC Secretariat by 19 November their views, not only regarding the abolition of those subcommittees recommended by the Department of Defense to the Bureau of the Budget, but also concerning the possible consolidation or abolition of other current subcommittees, as well as the desirability of creating new subcommittees in the

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EIC structure. The Secretariat will consolidate these recommendations into a brief for circulation to members for discussion at the next regular meeting of the EIC tentatively scheduled for 9 or 10 December 1965.

DISCUSSION OF PROPOSED "SURVEY OF PROFESSIONAL PERSONNEL
DIRECTLY ENGAGED IN ECONOMIC INTELLIGENCE RESEARCH AND
SUPPORT RELATING TO THE NATIONAL SECURITY":

The Acting Chairman suggested that it would be desirable that this item be deferred for the consideration of Dr. Guthe's successor, as Chairman, prior to any further discussions in the Committee.

CONSIDERATION OF EIC-R16-S6, "THE INTERNATIONAL TRADE AND
TRANSPORT OF COMMUNIST CHINA, 1964":

The report was reviewed on a page-by-page basis. The Committee approved the report for issuance subject to the modifications and changes that had been agreed to.

The Department of State representative stated that he hoped the preliminary CIA trade study for 1965 would be forthcoming in the spring of 1966 in accordance with the EIC agreement.

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Executive Secretary

SECRETARY'S NOTE:

Membership - Subcommittee on Economic Defense

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Members agreed that further guidance would be required and that perhaps there was too little detail in the draft instructions and forms. The Vice Chairman stated that members would be contacted individually for their suggestions in order to draw up acceptable forms and procedures to be followed in conducting the survey.

OTHER BUSINESS:

The Chairman reported that the Office of the Director of Administrative Management of the Department of Defense, had recommended to the Bureau of the Budget that the EIC Subcommittees on Chemicals, Economic Defense, Minerals and Metals, Industrial Machinery and Equipment, and Electric Power and Solid Fuels be abolished, and that the Bureau of the Budget had forwarded this recommendation to the CIA for the Chairman's consideration. He noted that the Defense Intelligence Agency Representative on the EIC had not been aware of this recommendation.


The Chairman pointed out that these subcommittees had met very infrequently since 1960 and that perhaps the EIC should review this recommendation together with the whole Subcommittee structure. He stressed the fact that if the subcommittees noted were to be abolished, some network of expertise in their respective fields within the community should be maintained on an informal basis.

Due to the lateness of the hour, further discussion of this item was scheduled for a future meeting.


Executive Secretary

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SECRETARY'S NOTES

EIC members approved, by telephone interim action on 6 July 1965, release of EIC-SR5-S5, "Population of the Communist Countries - Selected Years, 1938-80" 

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Members of the General Economic Analysis Subcommittee commented favorably on the proposed extension of the CIA-sponsored external research contract on "National Income and Product of Soviet and Satellite Economies."

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